

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-20 IGA-01 TRSE-00 /032 W

----- 105632

P 122250Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5103

UNCLAS LIMA 3884

EP 11652: NA

SUBJ: USE OF FAR METHOD FOR LOCAL COST FINANCING

REF: A. AIDTO CIRC-A-513 (7/17/74)

B. STATE 099367

C. STATE 107431

1. PURSUANT TO REQUEST PARA 2 REF (B) A LIST OF LOANS AUTHORIZED IN FY 74 AND PROGRAMMED FOR AUTHORIZATION IN FY 75 AND 76 FOLLOWS WITH STATEMENT AS TO APPLICABILITY OF FAR METHOD OR VARIATIONS:

A. RURAL ENTERPRISES DEVELOPMENT (527-W-057) AUTHORIZED 6/28/74. FAR INCONSISTENT WITH PRIMARY PROJECT PURPOSE WHICH IS TO ESTABLISH NEW FUND FOR SUB-LENDING TO RURAL ENTERPRISES. FAR ALSO INAPPLICABLE TO PROJECT DESIGN, WHICH INCLUDES A FUND IN INDUSTRIAL BANK COMPRISING CO-MINGLED AID AND GOP FUNDS. MOREOVER, NUMBER, GEOGRAPHICAL DISPERSION, AND VARIETY OF SUB-PROJECTS WOULD IMPOSE MONITORING REQUIREMENTS WHICH COULD NOT REALISTICALLY BE MET BY MISSION STAFF.

B. PROPOSED LOAN TO FEDERATIONS OF ASSOCIATIVE ENTERPRISES (CENTRALES) - CAP SUBMITTED 12/74 - AUTHORIZATION EXPECTED IN FY 75 OR FY 76. ONE PART OF THIS PROJECT WILL BE ACTUAL SUB-PROJECT INVESTMENTS, SOME OF WHICH WILL BE LONG-TERM AND THUS UNSUITABLE FOR FAR. FAR MIGHT BE APPLICABLE TO SHORT-TERM SUB-PROJECT INVESTMENTS, SUCH AS CONSTRUCTION OF STORAGE FACILITIES; HOWEVER MISSION BELIEVES THE USE OF FAR FOR ONLY ONE COMPONENT OF MULTI-PURPOSE PROGRAM WOULD INTRODUCE EXCESSIVE ADMINISTRATIVE COMPLEXITY.

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C. PROPOSED LOAN FOR SIERRA IRRIGATION - IRR SUBMITTED 2/75
CAP SUBMISSION AND AUTHORIZATION PROGRAMMED FOR FY 76.
VARIATION OF FAR A POSSIBILITY IN THE PART OF PROJECT WHICH
WILL FINANCE CONSTRUCTION OF SMALL-SCALE IRRIGATION AND
DRAINAGE WORKS. AS PLANS AND SPECS FOR SUB-PROJECTS TO BE
DEVELOPED AS PART OF PROGRAM, REIMBURSEMENT ON BASIS OF
PERCENTAGE OF ACTUAL COST MOST SUITABLE METHOD. ADDITIONALLY,
GIVEN POSSIBLE BUDGET CONSTRAINTS OF MOA, PROVISION MAY
HAVE TO BE MADE FOR ADVANCE OF AID FUNDS TO INITIATE SUB-
PROJECT IMPLEMENTATION. MISSION HAS NOT, REPEAT, NOT YET
DECIDED ON SUITABILITY OF THIS OR ANY ALTERNATIVE LOCAL
CURRENCY DISBURSEMENT PROCEDURE.

2. NO LOANS AUTHORIZED PRIOR TO FY 74 CURRENTLY USING FAR
METHOD OR ITS VARIATIONS.

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Message Attributes

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